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THE TRANSITION IN THE UNITED STATES.

1. The sudden ending of the far eastern war, coming as it did very shortly after the end of the war in Europe, has created unexpected conditions for the transition. Whereas formerly it was believed that reconversion could proceed by degrees, it has now to be effected as quickly as possible, and the problem of frictional unemployment becomes important. Although sufficient accumulated demand is available to keep the economy fully employed for a certain period, the post-war boom cannot materialise until a certain time ahead, when all the resources have been adapted to their peace-time use. In the intervening period there will be some frictional unemployment. The length of this ' reconversion period ' may be put at about nine months as a maximum. This limit is determined by the time taken to re-train and re-locate the bulk of the manpower released from munitions production (the process of reconversion of *equipment* seems, in most cases, to take a far shorter time).

We may draw up a balance sheet of the release and absorption of manpower during this period ; this is to some extent hypothetical, as the rate of demobilisation, etc., cannot be easily foreseen. We assume that at the end of the reconversion period seven millions will have been released from the services, and that over the whole period the *average* number already released will be four million. Further we assume that the whole addition to government employment during the war (the ' war bureaucracy ') will, in view of the prevailing trend of opinion, be thrown on the labour market in the course of the period.

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In munitions industries[1] where 8½ million were employed in May, we must consider that a large number will go on producing the same things (steel, machinery, etc.) for peace-time purposes, and some will continue to produce munitions. In peace-time (1939) the number employed in the respective industries was 3½ millions. It is a fair guess that about the same number can continue working, and there will be, therefore, five million (8½ million – 3½ million) persons who will be released from munitions within a short time.

TABLE I.

Balance of Release and Absorption of Manpower.

	End of Reconversion period.	Average over Reconversion period
Release from the services	7 millions	4 millions
Release from Munitions	5 millions	5 millions
Release from Government employment	2 millions	1 million
	16 million	10 million
Disappearance of abnormal labour force	4 million	2 million
Reduction of hours of labour ...	4 million	4 million
Absorption into small business and domestic service	1 million	½ million
	9 million	6½ million

Of the abnormal labour force of seven millions we assume that four millions will disappear, not instantaneously, but in the course of the period. About one million may be absorbed into small business and domestic service.[2] Whatever reduction in the number of weekly hours worked is actually made, we can assume there will be a corresponding absorption of labour to make up for it. In manufacturing weekly hours in 1944 were 20% above peace-time (1939) level. In other industries, it is true, the increase in hours worked has been smaller. Let us now abstract for a moment from frictions in the labour market, and assume that the work can be 'spread.' If we assume a reduction to 10/12 of the war-time level of weekly hours worked in all non-agricultural industries (which brings us below the peace-time level) the compensating increase in the labour force would be 7½ millions. Together with the disappearance of abnormal labour and absorption into small business, this would just compensate the releases from various sources on the average over the reconversion period. In other words, no unemployment would in this case arise (even though we have assumed a slow and very incomplete disappearance of abnormal labour). This result, however, is unlikely to be obtained, because the difficulties of re-training and re-locating of labour will lead to a scarcity of skilled labour in the right places, which will keep the level of weekly hours worked rather high. (An additional reason is that scarcity of equipment may also prevent ' spreading ' of work). On the other hand it is unlikely that the shortage of skilled labour will be so great as to keep hours at the war-time level. We may guess that the reduction will be about 10/11 of the war-time level, so that 10% or four millions will be absorbed to offset it. As a result the total absorption, on the average of the reconversion period, falls short of the total releases by 3½ millions (See Table 1). In addition to one million unemployed at the time of the Japanese surrender this gives an average unemployment of less than five millions during the reconversion period.[1]

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[1] Munitions output in the above sense includes not only equipment for the armed forces, but also the part of the output of steel, machinery, chemicals, etc., which is used for war purposes. Employment outside manufacturing industries is, however, not included in the above figure.

[2] The number of small firms eliminated during the war is about ½ million, and the reduction in domestic servants during the war about 0.4 millions.

It might be thought that any frictional unemployment will create a secondary unemployment, by way of reduction of consumers' expenditures. Under the present conditions no appreciable multiplier effect is, however, to be expected, because the slack in consumption enforced by unemployment will be taken up by the piled-up demand at least as far as durables and semi-durables are concerned. Where there is no accumulated demand, it is mainly a matter of essentials the consumption of which is kept up in spite of unemployment, and paid out of unemployment benefits or by dis-saving. Such reduction in overall consumption as occurs in spite of this will be compensated by efforts of dealers to replenish stocks of civilian goods. Secondary unemployment will therefore be unimportant.

The moral of these tentative estimates is that re-training and re-location of labour are the key-problems of the change over from war production. The re-location is the more difficult of the two problems, and to a certain extent, it may remain unsolved even through the post-war boom.

2. It is important to put the problem of frictional unemployment in the reconversion period into its proper perspective, because the reconversion policy in the United States seems to have been influenced to an undue extent by the immediate problem of frictional unemployment, at the cost of neglecting the problems of the subsequent post-war boom. Manpower controls have been abolished ; the main raw material controls (steel, copper, aluminium) have gone too. It is certain, however, that the post-war boom will bring again scarcities of certain materials, and scarcity of manpower, and that it will confront the Administration with problems very similar to those of the war economy. Under the conditions created by de-control the post-war boom must inevitably lead to a strong upward pressure on the price and wage level. The retention of price and wage control will hardly be sufficient to resist this pressure, the more so since the price ceilings have in the meantime been made more elastic both for agricultural products and for the products of ' reconverting ' industries. The latter are permitted to add to their 1941 cost the increase in wage rates and raw material prices which has taken place in the meantime, and the average peace-time (1936-39) profit margin, all calculated on

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[1] Official estimates in the United States put the unemployment to be expected in the autumn, in fact, at five million. The added forecast of eight millions for next spring seems rather difficult to justify, because reconversion and retraining by this time ought to be far advanced.

an industry basis, not for the individual firm. If manufacturers increase their efficiency as compared with pre-war standards they will do unduly well out of this price policy.

A certain relaxation of the stabilisation policy has been felt already over the past year; the cost of living index increased from 125.4 in June, 1944, to 129.0 in June, 1945, (basis 1935-39 = 100). The acceleration of the price rise which is to be expected both on the grounds of policy and of the economic situation which will be created by the post-war boom, will offer sufficient justification for wage increases, which, once scarcity of labour obtains again, it will be impossible to resist. There is, therefore, every reason to expect an appreciable increase in the whole price and wage level in the United States.

3. The duration of the post-war boom has been estimated in a previous article.[1] How is this duration going to be affected by the events of the present year?

On the one hand the European war has lasted longer than was then assumed. As the piling-up of demand reaches a limit in most cases (except with respect to very durable goods like houses and plant and equipment) it will have increased little owing to the prolongation of the European war by less than ½ year. We can take sufficient account of it by adding $5 billions to the estimate of total piled-up demand which thus becomes $52 billions – $60 billions, at 1943 prices.

The 'Japanese phase,' of only three months, together with the reconversion period of about nine months gives a period of one year during which a limited absorption of piled-up demand will take place. Limited it will be because the national income in the reconversion period must fall short of the war-time level because of unemployment and shorter hours. We can put the absorption of piled-up demand during that year at $10 billions.[2]

The post-war boom, beginning in spring 1946, will bring again a high level of national income. On the average of the period of the post-war boom (which we put tentatively at two years) the following additions and diminutions of the labour force will occur, as compared with the time of the Japanese surrender:

As private industrial employment at the time of the Japanese surrender was over 1 million less than in 1943 the labour available for private industrial employment on the average of the post-war boom will be equal to 1943 employment in private industries.

The partial shift of labour to industries of lower productivity and the reduction in government produced income will be largely offset by the increase in productivity to be expected. We may thus assume

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[1] See Bulletin, Vol. 6, No. 12.

[2] If we assume that from munitions and auxiliary war industries (transport and construction) about four million can be switched over to production of investment goods and durable consumption goods without delay, that gives (with a productivity of $3.5 billion per one million workers) $10.5 billions for ¾ of a year. In addition to present investment in equipment and construction of $6.5 billion a year this gives $17 billion. Deducting depreciation we are left with $9 billion to absorb piled-up demand for investment and durable consumers' goods. An additional amount of pile-up may disappear through enforced dissaving owing to unemployment.

TABLE II.

Changes in Industrial Manpower between V J Day and the middle of the Post-war Boom.

Release from demobilisation	8 million
Release from Government employment	2 million
Normal increase in labour force since VJ day ...	1 million
	11 million
Disappearance of abnormal labour force	4 million
Reduction of hours	4 million
Absorption into small business	1 million
Greater frictional unemployment	1 million
	10 million

that real national income will be at 1943 level. Then, according to earlier estimates, gross saving would be $30 billions at 1943 prices, of which $22 billions are available for absorption of piled-up demand, if about $8 billions are needed for replacement, and the budget as well as the foreign balance are in equilibrium. The piled-up demand would then be exhausted in two to 2¼ years, beginning from spring, 1946.

We must, however, take into account the effect of a likely price rise and an inflationary situation in the post-war boom. The price rise as such (if caused, for example, by wage increases) would affect only part of the piled-up demand, namely the consumers' pile-up, because it would reduce the real value of existing savings.[1] But an inflationary situation properly speaking, that is a rise in prices in relation to cost, arising from abundant demand in the absence of controls, would increase the *rate* of real savings above the level assumed above (because of the 'shift to profits' inherent in an inflation) and would therefore shorten the period of absorption. On the other hand, the absorption of piled-up demand cannot be 'telescoped' into a very short period, because technical factors make for a certain 'spacing' of this demand over a period (for example, the piled-up demand for building cannot be satisfied in one year because the capacity of the industry cannot be expanded to this extent). It seems therefore likely that the period of absorption will be at most two years, but hardly less than 1½ years, and the exhaustion of piled-up demand will show itself in spring 1948 or late in 1947. It is possible that the end of the post-war boom will consist in a gradual 'tapering off' of demand, rather than a sudden exhaustion, in view of technical factors alluded to above.

J. STEINDL.

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[1] The entrepreneur's investment will be influenced only to a lesser extent by a depreciation of the value of his liquid funds, and we can neglect this factor as long as the funds are not seriously reduced in value.

ESTIMATES OF HOUSING NEEDS.

At the moment, any general assessment of housing needs cannot be more than a rough guess. For the purpose of a scientific measurement, certain assumptions will have to be made: the age structure of the population during the next 50 years; the change in the size of families; changes in the total and in the distribution of national income; the level of building costs and the possibility of low-cost housing; and finally, the quantity of national resources which will be made available for housing; many of these factors will depend on issues such as the foreign trade balance, public finance, armaments, trade depressions, etc., that is on home and foreign economic policy.

We have further to define housing needs. The minimum needs may be considered satisfied if, after the abolition of slums and overcrowding, there is one dwelling for each family. It is more difficult to measure a 'comfort and pleasure' standard since with the modern speed of technical progress, a house may be either out-of-date—in peace—, or out of existence—in war,—after a comparatively short lifetime. In addition, for the sake of mobility of labour the number of dwellings per family can be expanded beyond unity, and a higher percentage of communal buildings, the great possibilities of which are only now being realised, can be provided. This gap between minimum needs and conditions of general comfort accounts largely for the variations in the estimates made. But even for the minimum needs concepts such as 'slum' or 'overcrowding' leave a wide range of interpretation.

Some confusion also arises from the problem of housing needs being approached from different angles. In the inter-war period, local authorities followed a hygienic concept and aimed at providing families with so much light, space and comfort as was necessary for the development of healthy minds and bodies. Private enterprise had the economic concept of effective demand at the current price for houses. In any estimate of future needs the large group of families will have to be considered whose health is not sufficiently endangered to be cared for by the local authorities and whose incomes or savings are not large enough to make their demand effective on the open housing market supplied by private enterprise.

EARLIER ESTIMATES.

The difficulty in arriving at accurate estimates can be seen from experience after the last war, when official and semi-official forecasts turned out later to have been very wide of the mark. For instance, in 1921, the Regional Housing Commissioners appointed by the Ministry of Health assessed immediate requirements at 460,000 houses, including replacement of unfit houses; Scotland was supposed to be short of some 120,000—130,000 houses. The highest estimate[1] assumed a shortage of 1,000,000 houses and, in addition, a yearly requirement of 100,000 houses to make good depreciation and population movements and growth.

As years of peace and prosperity passed, ideas about appropriate standards of housing and, therefore, of housing needs became more exacting. An unofficial report [1] issued in 1929 considered the erection of 1,500,000 working class houses in England and Wales in the course of 10 years necessary to meet the most urgent requirements; over two million houses were believed to be overcrowded or/and obsolescent sub-standard houses. This goal had not been reached when war broke out. Houses built in England and Wales by Local Authorities amounted to some 620,000; those built in Great Britain numbered 794,000 while private enterprise with state assistance erected 91,000.

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[1] Joint Committee on Labour Problems 'A Million New Houses after the War, 1917.

In 1930, the Ministry of Health undertook a sample enquiry with urban authorities with populations over 200,000, in order to establish their housing programme. They arrived at a five-year programme of 340,000 houses plus 1,000,000 houses to be built by private enterprise. The fact that in the five following years some 1,300,000 houses were actually built, was probably less a result of planned building, than of the fall in the rate of interest.[2]

THE HOUSING CENSUS.

A more thorough statistical approach was then attempted in the Census of 1931, when, for the first time, all data relating to housing were collected in a special volume. But the great difficulty of defining such important items as a ' family ' and a ' dwelling ' had not yet been overcome. Thus a private family was defined as *' any person or group of persons included in a separate return as being in separate occupation of any premises or part of premises is treated as a separate family for Census purposes, lodgers being so treated only when returned as boarding separately and not otherwise.'* Estimates of housing needs based on this definition of family are necessarily deficient. One family, at present occupying one dwelling, may consist of two, three, or more families representing different generations or different family units. This ' one ' family perhaps occupies one dwelling only because of lack of alternative accommodation.[3] Also the fact that a lodger has his meals at his lodgings and not with a friend, at a canteen or a restaurant, does not indicate whether this man is a lodger by desire or by necessity and whether he or she would not prefer to live in a small flat.

Structurally separate dwellings are defined as:

' Generally, any room or suite of rooms intended or used for habitation having separate access to the street or to a common landing or staircase to which visitors have access. Thus a private house which has not been structurally divided is one structurally separate dwelling whether it houses

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[1] National Housing and Town Planning Council, London, 1929.

[2] From 5½% to 3½% for loans from Local Authorities, from 6% to 4½% for loans from Building Societies.

[3] If a Census were taken to-day, most of the 2½ million couples newly married since 1939 and without a house of their own would not be counted as separate families but as part of their parents' or parents'-in-law families.

In the Census 1941, the number of families enumerated was checked by a separate calculation based on different assumptions. Assumption ' *c* ' giving the highest results and closest to the actual census figures counted total married women plus widowed women under 65 plus 10% of the single of both sexes between 20 and 45. A higher percentage of single persons and the inclusion of widows above 65 would make a considerable difference.

a single family or a number of families. The rooms enumerated are the usual living rooms, including bedrooms, and kitchens, but excluding sculleries, landings, lobbies, closets, bathrooms, or any warehouse, office or shop rooms.'

According to this definition, the erection of a door in front of a staircase, landing or room was the only modification required to make any part of the house a separate dwelling. Thus a large house may count as one dwelling or as 2, 3 or 4 dwellings, not according to the amenities available but to the doors provided. At the same time, a small kitchenette would, but a large scullery, a comfortable lobby or landing would not, count as rooms.[1]

As to housing requirements after 1931, the Census gave the following estimates covering England and Wales only:

increase in families (assessed 1931 degree of sharing)	770,000	houses
replacing dwellings unfit for further habitation ...	300,000	,,
re-establishing the pre-1914 rate of vacant dwellings	200,000	,,
Net balance between miscellaneous demolitions and increase by structural changes	100,000	,,
to provide sharing families with separate dwellings	300,000	,,
TOTAL	1,670,000	

The estimate was made in autumn 1934. Between 1931 and 1934 800,000 houses had been built, so that another 870,000 houses had to be erected before the Census year 1941 if all housing needs were to be met. 200,000 houses would have to be added for Scotland.

If we now turn to the actual achievement, from Sept. 30th 1934 to March 30th, 1940, we find that 1,705,000 houses were erected in England and Wales, that is almost twice as many as were said to be needed, and still there were plenty of slums, over-aged houses and overcrowding left. It seems that the mere counting of houses without more detailed classification of what kind of houses will be in short supply, is not sufficient.

The hazards of forecasting population growth were also demonstrated. The population of England and Wales surpassed in 1941 42,000,000 instead of the 41,000,000 forecast on certain assumptions in 1931. Even if we subtract the abnormal growth of the war years, the figures would still have been near the 42 million mark. The irregularities of growth are so marked that the net increase in population varied between 120,000 in the years 1928-29, 1933-34 and 340,000, 350,000 and 400,000 in the years 1920-21, 1923-24 and 1939-40 respectively.

‘OVERCROWDING.’

Apart from this forecast of housing needs in the Census a series of other estimates were made in the early thirties.[2] The estimates for obsolescence and replacement varied between 300,000 and 3,700,000, for slum clearance between 300,000 and 1,000,000, for shortage and overcrowding between 400,000 and 1,400,000, for growth of population between 510,000 and 750,000 and for total yearly requirements to meet these needs, from 158,000 to 325,000 houses. Although these differences partly represent the range between minimum and ' comfort ' programmes, they are largely the result of the insufficient precision in the units (dwelling, family) and in the terminology (slum, obsolescence, overcrowding) used.

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[1] In the 1931 Census attention was drawn to the fact that the statistics throw no light on the character and homeworthiness of the dwellings enumerated.

[2] By Sir Ernest Simon, Dr. Philip Massey, The Economist, The Council for Research on Housing Construction, The National Housing Committee, P.E.P. etc.

For instance, officially a dwelling is considered overcrowded only if two persons above the age of 10, single, but not of the same sex, sleep in one room whereby the living room is counted as bedroom. Children under 1 year of age are not taken into account. A dwelling is not considered overcrowded if there are

not more than 10 persons living in 5 rooms
7½ ,, ,, ,, 4 ,,
5 ,, ,, ,, 3 ,,
3 ,, ,, ,, 2 ,,
2 ,, ,, ,, 1 ,,

How debatable the official definition of overcrowding is, was shown in an overcrowding survey carried out by the Oxford City Council in 1936. In addition to the above statutory standard a category of ' borderline ' cases was introduced where the living room was excluded when counting bedrooms. For each case of statutory overcrowding there were eight cases of the ' borderline ' standard (225 : 1693). A similar investigation carried out in Leeds in 1936 brought even a ratio of 1 : 10 (3,000 : 30,000) if the two standards were compared. On this basis the usual estimates of overcrowding would err considerably on the low side.

Other errors derive from regional differences in the degree of disequilibrium between houses required and those available, caused by migration and by the division of the country into prosperous and depressed areas.

CHANGES IN NUMBERS OF FAMILIES AND DWELLINGS.*
1921 — 1931.

	Private families	Occupied dwellings	Deficit & surplus of dwellings	No. of private families in excess of dwellings occupied. (1931)	
	Increase, 1921-31 in 000,		in 000	in 000	in % of total
South East	611	527	–84	723	65
North	445	408	–37	179	16
Midland	269	258	–11	88	8
East	50	50	– 0	11	1
South West	59	59	– 0	45	4
Wales	60	61	+1	63	6
England and Wales ...	1,494	1,363	–131	1,110	100

*Census figures.

The local concentration of the actual housing shortage, to be observed in the regional figures, is also visible in the records of the Boroughs and Counties. Between 1921 and 1931 the position in the most densely populated districts with 7½ to 8 persons per dwelling improved even less proportionately than in districts with 3½ to 4 persons per dwelling.

PERSONS PER OCCUPIED DWELLING.

	1921	*1931*	% decline
London St. Pancras ...	7.92	7.14	9.9
Islington ...	7.63	7.16	6.2
Shoreditch ...	7.39	6.91	6.5
London City	3.60	3.22	10.6
Halifax	3.65	3.33	8.8
Bradford	3.84	3.47	9.7
Rochdale	3.81	3,44	9.7

POST-WAR NEEDS.

It is with the errors of pre-war estimates in mind that we should approach the series of new estimates of post-war needs made during the present war. The official figures[1] are given as 4 million houses to be built in 12 years (3 million of them are planned for the first 10 years). Of this total 1½ to 2½ million are to replace slum dwellings and dwellings in a poor condition or grossly deficient in modern amenities ; 1½ million houses shall ' give each family a separate dwelling and so eliminate overcrowding.'

If the rate of building 4 million houses in 12 years were continued for another 13 years requirements as calculated by Mr. M. A. Abrams[2] at 7,885,000 for the period 1944-71, would be met.

Mr. Abrams considers the 4,000,000 dwellings which were built before 1860, and represent about one-third of the total, as obsolete and to be replaced. In view of the shortage of manpower, the excessive demands of most of these over-aged buildings with regard to repair and maintenance may justify their replacement (not to speak of the hygienic conditions in obsolescent houses). One half of the remaining 8,500,000 houses were built between 1860 and 1914 and are thus already 30-85 years old ; the remainder has been built since the last war. In order to avoid houses getting older than 70 years, an annual replacement of 130,000 houses would, according to Mr. Abrams, be necessary, amounting in 25 years to some 3,200,000 houses. This estimate of 7,885,000 is based on the census definitions of family and dwelling and takes insufficient account of overcrowding. The rate of erection is expected to rise from 300,000 in the first year to 400,000 in the third-sixth year, and then steadily to decline to 300,000 in the eleventh-twentieth year and finally to 70,000 in 1971 to take care of replacements (a 70 year life of a home and a declining population are assumed).

Miss M. Bowley[3] gives total requirements as 965,000 consisting of 500,000 for slum clearance and de-crowding, 190,000 houses for bomb-damage and 275,000 houses for the increase in families.

The report of the Conservative Housing Sub-Committee arrived at a deficiency of 960,000 houses, made up as follows :

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[1] Minister of Health, House of Commons, December 1st, 1943.

[2] ' Agenda,' November, 1943, and May, 1944.

[3] ' Housing and the State,' 1945.

Houses irreparable or not worth repair as result of enemy action	300,000
Private houses converted to other purposes	50,000
Abolition of slums and overcrowding	250,000
Increase in number of families 1939-1944	500,000
	1,100,000
minus houses completed during the war	140,000
	960,000

It is interesting to compare these figures with those given by the Minister of Health (see above).

Sir Ernest Simon[1] believes, that at the end of hostilities, the difference between houses available (12½ million) and houses needed (13½ million) will be 1 million. In addition, six million houses out of the 8½ million built before 1914[2] should be replaced and the total programme be completed within 20 years. Of the seven million houses to be erected

1,500,000 would be needed to abolish overcrowding.
4,000,000 ,, ,, ,, for slum clearance.
1,500,000 ,, ,, ,, for the replacement of obsolete houses.

The three tasks should be fulfilled in three stages in the above sequence, although overlapping is thought probable. Sir Ernest's definition of 'slum' is obviously based on a higher concept of human existence than that generally applied to housing conditions, when only excessively repulsive houses are considered unsuitable for human habitation. It might be useful to subdivide slums into two or three categories of urgency.

Dr. M. I. Elsas[3] develops a 20 year programme for 6.8-7.5 million dwellings with an annual rate of erection of 340,000-375,000. The largest part, 3.7 million houses would serve to make up arrears in slum clearance and in the abolition of overcrowding (700,000) and to replace other obsolescent houses (3 million). Next on the list come 1.4 million dwellings for old people whose number is expected to increase by 600,000 in the next 20 years ; 600,000 additional dwellings in rural districts would house agricultural workers and migrants from the cities ; 500,000 dwellings would be needed for making good bomb damage, and a similar number to accommodate sharing families and create a reserve of vacant dwellings. In addition, an increase of 200,000 families is expected which would represent the balance between an increase of 555,000 in 1940-49, and a decrease of 355,000 families in 1950-65. Another 700,000 houses would be required if immigration and internal migration should continue on a pre-war scale. After 1965, on the assumption of a 60 years' length-of-life of a house, a yearly output of 225,000 houses is calculated to serve the needs of replacement and of migration on the assumption that the population remains stationary.

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[1] 'Rebuilding Britain—A Twenty Year Plan,' 1945.

[2] Sir Ernest quotes 2½-3 million houses as built before 1860 compared with Mr. Abram's 4 million.

[3] 'Housing before the War and after,' 1945.

Mr. John Madge[1] develops a housing programme for the next decade as follows:

Abolition of overcrowding and normal replacement	1,450,000
slum clearance	300,000
increase in number of families during the war ...	250,000
obsolescent houses	2,500,000
	4,500,000

Professor G. D. H. Cole,[2] advocates increasing the number of building workers engaged in the erection of residential houses from 55,000 in the first year to 705,000[3] in the 6th-12th year of his total building programme which assumes the following needs:

	Houses in 000	
	Annual	Total*
Arrears in housing	230	2,200
Overcrowding	135	1,350
Replacement of demolished houses, other than bomb damage	100	1,095
Bomb damage	50	440
New families	50	595
Slum clearance	35	525†
Reserve	30	335
TOTAL	630	6,540

* In terms of houses of average size. † Including rural.

THE EFFECT ON THE LABOUR MARKET.

This programme aims at an annual rate of erection of 630,000 houses and at a total of some 6½ million houses (as in most estimates some of the categories overlap). The individual items on the programme are to be completed in periods varying from 9 to 12 years. The large labour force advocated by Professor Cole for the speedy fulfilment of his programme raises in acute form the question of the aftermath.[4] Unless the tapering off is carefully planned, unemployment in the building trades may re-appear and people trained for the building trade in the next few years would have to change their profession after a short time of activity. Once necessary repairs have been completed, replacements of over-aged and unfit buildings carried out and the present housing shortage overcome, an annual rate of 500-600,000 new houses in a total number of say 13 million would only be possible if the life-time of a house would be between 22 and 26 years.

The considerable diversity in the estimates of bomb-damaged houses arises partly from different treatment of the category 'damaged and rendered uninhabitable' (accounting for some 260,000 houses) partly from the fact that the calculations were made in different phases of the war.

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[1] The Rehousing of Britain, Target for To-morrow, No. 9.

[2] Building and Planning, 1945.

[3] Those engaged on repair and maintenance would increase from 400,000 to 460,000 and the total building labour force from 700,000 to 1,500,000.

[4] Which is also implied in some of the other estimates.

SUMMARY OF ESTIMATES OF HOUSING NEEDS. (in 000).

Author	Plan Period (Years)	Total Need	Obsolescence, Replacements	Overcrowding	Slum clearance	Net increase in families	Bomb damage	Reserve Vacancies
M. A. Abrams	25	7,900	3,200		4,000	85	150	450
Sir E. Simon	20	7,000	1,500	1,500	4,000			
M. I. Elsas	20	7,000*	3,000	700		200		500
G. D. H. Cole	12	6,540	3,300	1,350	525	595	500	335
J. Madge	10	4,500	2,500	1,450†	300	250	440	
Min. of Health	12	4,000		1,500‡	2,500			
Cons. Sub. Com.	-	960		250		360	350	
M. Bowley	-	965		500		275	190	

* Including 1,400 for old people, 600 for rural districts, 700 for immigration and migration.
† Including replacement. ‡ Including increase in families.

The great variations in the assessment of the probable net increase in families result from the uncertainty of future population trends and their effect on the number of families. Professor Cole's high estimate is based on the assumption, that with regard to dwellings needed the change in age-structure will outweigh the possible decline in the population. The low figure given by Mr. Abrams is arrived at by subtracting the estimated number of dwellings available from the expected number of families. A series of assumptions is made for this purpose.

ADMINISTRATIVE MEASURES.

The above summary conveys an idea of the total magnitudes involved, but leaves some essential questions unanswered, such as: What type of house is most needed? Where and for whom? Which income groups, families of which size, and which localities are in special need of new accommodation? Only a national housing census carried out by local authorities[1] and requiring detailed information on amenities, floor area, state of repair and maintenance, age and hygienic conditions (dampness, light, draught, vermin) of the dwelling, could create a scientific basis for measuring the magnitude of obsolescence and slumdom.

An additional definition of 'family' and of 'dwelling' and a classification of lodgers according to 'voluntary' and 'forced' subtenants would help in getting a clearer picture of overcrowding. A statement of net income and rent and rates paid would suggest which income groups have been tied to bad houses for lack of better low-cost accommodation. The limits set by effective demand have been the main obstacle to the rehousing of the working and lower middle classes. Even the best estimate of housing needs would be of little value if the costs of rent of the new houses were too high. If, however, the Government is determined to overcome this obstacle with the help of cheap loans, bulk purchases and subsidies designed to increase the efficiency of house building and to lower building costs, then the housing programme has to be reviewed not only in the light of housing needs, but also of national finance and manpower resources. Therefore, the manpower necessary to erect the dwellings should be estimated (as in Professor Cole's book) and also the approximate costs to the State of financing the programme.

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[1] The excellent 'Manchester Plan' is based on an extensive study of social conditions in the city, of the number and size of families, etc. It connects the number of houses needed with the industrial plants, traffic, and social amenities envisaged.

The effect of an ample supply of low-cost houses on the value of old property should also be given due consideration, as it is this part of the housing problem which is partly responsible for the slow rate of replacement. Assuming constant demand, a rising supply of new houses with modern amenities will ultimately lead to a depreciation of old dwellings.[1] At the later stages of the drive for new houses, rents in over-aged housing property would probably be lowered sufficiently to attract tenants to stay in spite of new houses coming on the market. As a result of reduced rents, the state of repairs would further deteriorate and many years would elapse before this process would have progressed so far that the property could be scheduled as slum-dwellings. Therefore, Government and Local Authorities would need powers to acquire, with adequate compensation, over-aged property in which it is not desirable that people should continue to live ;[2] these powers should be granted,—even if it is not intended to erect new dwellings on the same ground—at the beginning of the re-housing campaign.

Finally, it is clear that housing plans must be closely co-ordinated with plans for industrial development and the allocation of labour. Given this co-ordination and given a new housing census on the lines indicated above, such an accuracy in forecasting demand might be achieved as to be of real value in framing housing policy.

S. Moos.

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[1] A fall in demand, resulting from a declining population, would accentuate this tendency.

[2] Once overcrowding is abolished, these old houses could be used, either for non-residential purposes, or be demolished to make room for green spaces or new houses and thus to reverse the trend towards cities with derelict centres surrounded by new suburban ribbons.

Post-War Investment Projects.

With the abrupt end of the Japanese war and the cancellation of war contracts, the danger arises that the directions in which the limited resources of the now free capital-goods industries are employed will be decided in a haphazard way, or unduly influenced by the sectional claims of labour and industry. The extent of this danger can be seen from a comparison of the present total of piled-up demand for capital goods with peace-time gross capital outlay. The mid-1945 total of piled-up demand for both capital goods and durable and semi-durable consumers' goods has been estimated at £2,650 million[1] at 1938 wholesale prices, of which £950 million is accounted for by plant, machinery, and working capital alone. Gross investment in these categories amounted to only £145 million in a peace-time year (1938);[2] while this figure could not then, and can now even less (after war-time expansion) be held to represent the full capacity of the relevant industries, nevertheless the disparity between productive capacity and the increased needs for home investment and for export makes necessary some designation of priorities among the competing claims.

For this purpose data are needed of how this £950 million 'backlog' is split up among the various industries. It is precisely here that information is lacking in Britain, at any rate to the economist.

For the U.S.A. a survey of the reconversion plans of 7,000 principal[3] manufacturers has been conducted and published by the U.S. Department of Commerce,[4] giving details of (*a*) planned capital outlays for the 12 months following VE Day; (*b*) anticipated volume of sales for the same period; (*c*) 1939 sales volume and capital outlays, as comparative data for the last year prior to war mobilisation.

From official pronouncements and from manufacturers' statements, it appears that similar, though perhaps less comprehensive, information for the U.K. is possessed by the Board of Trade. Until, or in default of its release, the following Table and notes give a picture, necessarily fragmentary, of such plans as have been published by the industries concerned.

Scope and Character of the Plans.

(*i*) The estimates given above comprise gross capital outlays of three types—on current and postponed replacement, on modernisation, and on expansion; but from the scanty published reports it is not possible to break down the totals. Nor is the total outlay, which would be theoretically obtainable from summing up the plans for all industries, comparable with figures given at the beginning of this note; for the former include expenditure on building and other fixed capital apart from plant and machinery.

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[1] Kalecki, Bulletin Vol. 5, No. 17.

[2] Cmd. 6520. This £145 million is made up as follows:—

Gross outlay on plant and machinery ...	£120 million
Net increase in working capital and stocks	£ 25 ,,
Total ...	£145 ,,

[3] *i.e.* firms collectively responsible for 50% of 1939 sales volume.
and ,, ,, ,, 60% of 1939 capital outlay.

[4] Survey of Current Business, June, 1945.

PLANS FOR POST-WAR PRIVATE INVESTMENT IN U.K.

	Total Planned Outlay £ million	Duration of Plan Years	Annual Outlay £ million
Coal*	100—300	10	10—30
Iron and Steel† ...	100	5	20
Shipping‡	200	5	40
Automobiles§	60	3—5	12—20
Cotton‖	70	5	14

*Mr. Foot: *Financial Times*, 21.2.45.
Mr. Lawther: *Manchester Guardian*, 26.6.45.
Mr. H. Morrison: *The Times*, 29.4.45.
† As given by the British Iron and Steel Federation, *The Times*, 23.7.45.
‡ *The Economist*, 7.10.44 and9.12.44.
§ *The Times*, 9.12.44.
‖ *Financial Times*, 16.4.45.

(*ii*) The plans vary widely in the degree of definiteness which may be attached to them—from the vaguest proposals at one end to precise commitments at the other. The assumptions about prospective sales or availability of materials and labour upon which they are based are naturally, at this stage, not explicit.

(*iii*) *Coal*: The figure of £100-300 million represents no more than a guess at the order of magnitude made by owners' and miners' representatives, in face of the uncertain future of the industry, and in the absence of any official estimate from the Reid Committee.

Iron and Steel: A detailed break-down of the total into precise commitments was given in the plan.

Shipping: The estimate was made as the cost of building, at the 1943 price per ton, 8 million tons of new shipping in 5 years, the latter being little more than a hint by the Minister of War Transport at a reasonable post-war target.

Automobiles: The figure of £60 million was based upon the application to the industry as a whole of estimated outlays of manufacturers responsible for half the pre-war output, and upon the assumption that only 30% of the value of car output is produced by the motor trade proper.

Cotton: The Cotton Board's announcement arose from an official canvass of the planned purchases of textile and other machinery by its members.

(*iv*) For three major industries, engineering, chemicals, and transport, no details are available.

PAMPHLET ON FAMILY BUDGETS.

The two articles on Income and Expenditure of Working-class Households in 1943 and 1944, published in Nos. 2 and 3 of this year's volume of the Bulletin, have been much in demand. A reprint in pamphlet form is now available and may be obtained from the Institute of Statistics, Balliol College, Oxford. Price one shilling.

The Editor.

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